(b) the details of amount involved in these proposals for setting up of new industrial units in the State; and

(c) what are their projected employment potentials?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN SINGH): (a) and (b) Under the new economic reforms, till September 2001, three proposals involving Foreign Direct Investment of Rs. 5077.82 lakh have been approved for Meghalaya, including two proposals involving an investment of Rs. 4477.82 lakh approved during the last three years, *i.e.*, from January, 1998 to September, 2001.

The details of approvals are published in the monthly SIA Newsletter brought out by Deptt. of Industrial Policy & Promotion, which is widely circulated to various establishments, including the Parliament Library. The information is also posted in SIA Website (http://www.nic.in/indmin).

(c) The data regarding employment generation is not centrally maintained.

Decline in industrial production

172. SHRI SURESH PACHOURI: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the growth in the Index of Industrial Production during the first six months of the current year;

(b) how it compares with growth during the corresponding period of last year;

(c) the reasons for decline in industrial production; and

(d) the steps taken by the Government to improve the situation?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN SINGH): (a) and (b) The Index of Industrial Production registered a growth rate of 2.3% during April-September, 2001-02 as against 5.7% registered during 2000-01.

(c) The main reasons for decline in industrial production are as under:

Comparatively lower agricultural production in the past two years resulting in lower aggregate demand and reduced consumption.

- Economic slowdown in U.S. and many other countries have adversely affected exports. The share of exports to U.S. constitutes 19.19% of the total exports of India. As significant share of industrial produce is exported from India, a slowdown in exports impacts industrial production.
- Persistence of Infrastructure bottlenecks and failure to attract private sector investment in infrastructure projects.
- Decline in stock market capitalization.
- High real interest rates.
- Subdued business sentiments.

(d) The government has taken several policy initiatives to boost industrial production in the country. These measures have been targeted to improve competitiveness of Indian industry in general and to boost aggregate demand, improve infrastructure base, upgrade technology, improve sentiments in the stock market, and encourage FDI flows in particular.

Some of the initiatives taken recently are briefly mentioned below:—

- Public spending out of the current budgetary allocations has been stepped up. Government has already identified several "last mile projects' under various ministries for speedy completion.
- To boost liquidity, Reserve Bank of India has cut Bank Rate by 0.50-percentage point; from 7.0 per cent to 6.50 per cent to touch it's lowest since May, 1973. The CRR has also been reduced by 2.0 percentage points from 7.50 per cent to 5.50 per cent. RBI also removed most of the exemptions available on CRR.
- RBI has already reduced interest rate on export credit to 2.5% below PLR from 1.5% below PLR earlier. Since about 35% of the total manufacturing is exported this strategy is expected to boost exports.
- To bring an up turn in depressed share prices market, the Department of Company Affairs in consultation with Ministry of Finance has proposed amendment to the Companies Act to allow companies buy-back of shares.
- Investment limit for Foreign Institutional Investors (FII) have been increased to the level of FDI ceilings in all the sectors.

- Proposals have also been made for suitable legislative changes to improve the operating environment for industry.
- To remove infrastructure bottlenecks several incentives have been announced for improvement in power, roads, telecommunications and ports. The Golden Quadrilateral project and Pradhan Mantri Gramin Sadak Yojana have been launched.

Rise in trade deficit

173. SHRI SURESH PACHOURI: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether India's trade deficit has increased during April-September, 2001 as compared to the corresponding period of 2000-2001;

(b) if so, the details thereof;

(c) the reasons for increase in trade deficit; and

(d) the details of measures taken by Government to reduce the trade deficit?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI RAJIV PRATAP RUDY): (a) to (c) As per the provisional data furnished by Directorate General of Commercial Intelligence & Statistics, Calcutta, India's trade deficit during April-September, 2001-02 is placed at US $ 4.96 billion compared to US $ 4.08 billion during the corresponding period of previous year. The rise in trade deficit could be attributed to the negative growth of exports at 1.95% during the period. The slow down in US and other countries and the recent terrorist attacks on US have affected exports of many countries including India.

(d) Several measures to boost exports have been taken in order to provide competitive edge to Indian goods in the global market. Some of the recent measures taken to promote exports include reduction in the export credit rate for both pre-shipment and post-shipment, special financial package to manufacturer exporters with a export contract of Rs. 100 crores or above for a period of one year from October, 2001, extension of normal repatriation period from 180 days to 360 days for exports made to Latin American countries for a period of one year and upward revision of duty drawback rates on a number of product groups. Export performance is constantly being monitored and measures are being taken to reduce the trade defecit.